THE KSA PERSPECTIVE

For Textile Management

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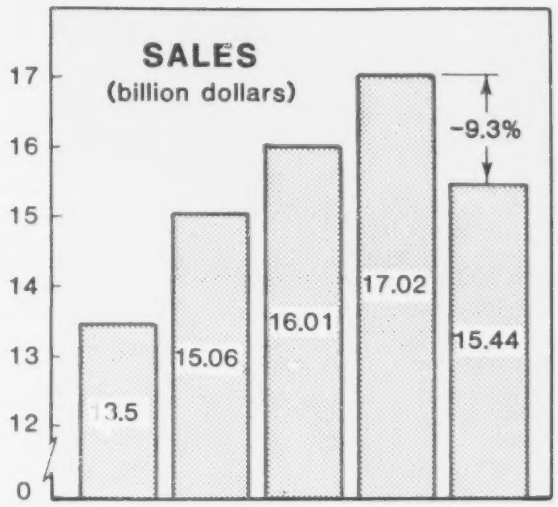
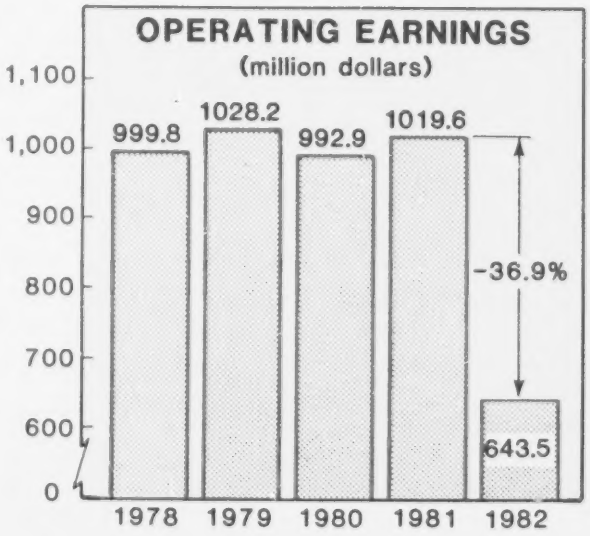
KSA's Twelfth Annual Performance Profile of Textile Companies

Fiscal 1982 results for 48 public firms poor due to recession, but were better than 1975





THE FINANCIAL FIGURES are in for 1982, and they confirm that it was indeed a miserable year for textiles. The 48 public companies comprising KSA's 12th Textile Profile registered a 9.3% drop in composite net sales, $1.58 billion below 1981's peak of $17 billion.

The sample's net income was $362 million, a moderate decline of 20% from 1981. However, this year's bottom line includes $129 million in extraordinary items, which must be set aside to obtain a true indication of the industry's performance in continuing operations. After-tax income before the one-time adjustments came to $233 million, 47% lower than 1981, and only 1.5% of sales. One out of every four companies profiled this year reported a loss.

Last year's recession was of course the major reason for textile's poor performance, and it is useful to compare 1982 with 1975 results, which also reflected a recession year. The industry did better this time.

In 1975, sales decreased 8.9% from the preceding year – less than the 1982/81 drop from a larger dollar base – but profit dollars eroded by 69% to a record low 1% ratio to sales. Other comparisons with 1975 are similar, and the reason for better financial performance this time around was the textile industry's improved control over its working capital.

Inventory levels were down 10% from 1981, compared with a drop of only 6% between 1974 and 1975. Thus, 1981 inventories declined more than sales on a percentage basis, while in 1975 the reverse was true. Further evidence of better management can be found in the

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INDUSTRY SEGMENT RESULTS and TOP PERFORMERS

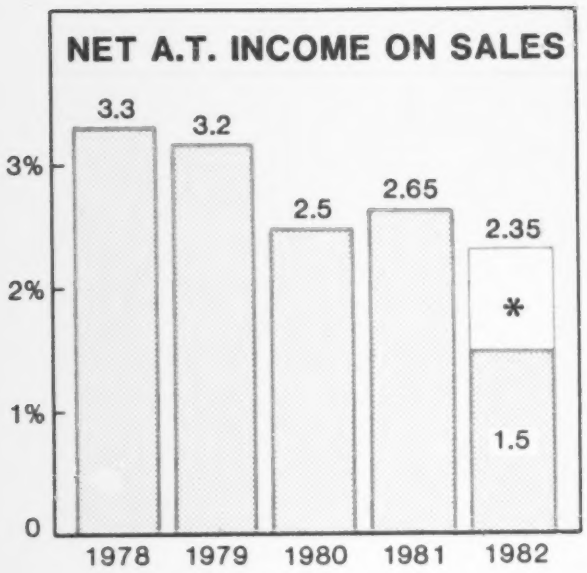
Industry Segments and Top Performers*	No. of Firms Reported	Sales ($000)	Net Income ($000)	Net A.T. Income on Sales %	Return on Total Equity %	Total Debt to Assets	Return on Total Assets %	Sales to Total Assets	Gross Profit %	Oper. Earn. %	Inv. Turns	Return on Invested Capital %
Home Consumer Prod. (H)												
Columbus Mills		81,666	3,818	4.68	14.26	.39	8.67	1.85	20.36	7.60	6.01	11.77
Louisville Bedding		50,123	1,106	2.21	13.66	.62	5.17	2.34	21.33	5.99	5.77	8.98
1982	**8**	**1,364,141**	**20,802**	**1.52**	**6.17**	**.53**	**2.86**	**1.87**	**19.04**	**4.60**	**5.35**	**3.90**
1981	**8**	**1,410,482**	**26,827**	**1.90**	**8.20**	**.55**	**3.65**	**1.92**	**19.75**	**6.37**	**5.36**	**4.91**
Fabric Mfg. (F)												
Guilford		247,834	14,372	5.80	15.22	.39	9.26	1.59	21.08	10.65	6.09	13.14
Fab Industries		94,295	7,194	7.63	13.79	.33	9.21	1.20	18.89	8.93	4.40	13.36
1982	**14**	**3,151,717**	**107,266**	**3.40●**	**8.60**	**.43**	**4.88**	**1.43**	**13.52**	**1.99**	**4.84**	**6.52**
1981	**14**	**3,677,759**	**103,633**	**2.82**	**8.86**	**.48**	**4.54**	**1.61**	**15.99**	**5.67**	**5.30**	**6.00**
Spun/Textured Yarn (Y)												
Unifi		230,142	10,874	4.72	27.79	.58	11.52	2.43	12.43	8.68	30.92	17.06
Ti-Caro		261,842	13,871	5.30	11.53	.31	7.93	1.49	18.50	10.36	5.86	9.68
1982	**7**	**1,176,441**	**32,083**	**2.73**	**8.72**	**.39**	**5.25**	**1.92**	**12.01**	**5.13**	**9.65**	**6.84**
1981	**7**	**1,218,816**	**42,124**	**3.46**	**11.89**	**.38**	**7.32**	**2.11**	**11.76**	**6.52**	**9.76**	**9.61**
Diversified (D)												
WestPoint Pepperell		1,110,573	43,067	3.88	11.06	.40	6.61	1.70	19.48	6.98	5.04	8.45
Springs Mills		874,512	43,054	4.92	10.87	.29	7.67	1.55	16.40	7.18	5.93	9.64
1982	**9**	**9,014,986**	**182,456**	**2.02**	**5.84**	**.46**	**3.12**	**1.54**	**13.18**	**4.55**	**4.67**	**4.16**
1981	**9**	**9,903,427**	**240,600**	**2.43**	**7.75**	**.49**	**3.95**	**1.62**	**13.63**	**5.75**	**4.86**	**5.39**
Other Textile Products (O)												
Wm. Wright Co.		61,653	3,671	5.95	14.70	.34	9.57	1.60	43.21	12.48	2.11	13.82
Vertipile		23,537	832	3.53	10.31	.28	7.34	2.07	16.64	7.64	7.48	8.82
1982	**10**	**729,212**	**19,462**	**2.67**	**6.15**	**.42**	**3.56**	**1.33**	**29.42**	**6.54**	**3.00**	**4.67**
1981	**10**	**807,427**	**37,893**	**4.69**	**11.63**	**.42**	**6.70**	**1.42**	**30.16**	**8.92**	**3.23**	**9.62**
Industry Total												
1982	**48**	**15,436,497**	**362,069**	**2.35**	**6.72**	**.45**	**3.65**	**1.55**	**14.45**	**4.17**	**4.86**	**3.14**
1981	**48**	**17,017,911**	**451,077**	**2.65**	**8.54**	**.48**	**4.40**	**1.66**	**15.29**	**5.99**	**5.09**	**5.80**

**Industry segment top performers based on return on total equity ranking in segment.*

● —1.05 before extraordinary items.

DISCLAIMER

The information presented in this Performance Profile was obtained from available annual reports made by public companies to their stockholders and to the Securities and Exchange Commission. While we believe the information furnished to be reliable, no representations are made as to the accuracy thereof. Kurt Salmon Associates assumes no responsibility for any errors in the Performance Profile, whether of omission or commission. Information presented herein is based solely on publicly available data; the confidentiality of KSA's client relationships has been maintained throughout. KSA's Financial Performance Profile is intended solely for the statistical information of the purchaser. It is not a representation, prospectus, or circular in respect of any stock or security of any corporation. The data and comments contained herein do not constitute investment advice in any form.



* 1982 net after tax income included $129 million in extraordinary items.

ratio of accounts receivable to sales. As shown in the chart on this page, this percentage continued to drop despite the cash management problems that go with a recession.

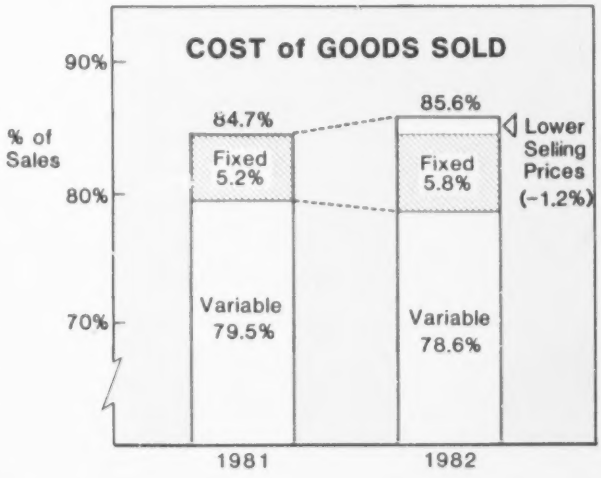
Fabric Manufacturers Suffer Most

But sales declines couldn't be averted, and the Fabric Manufacturing sector suffered the most in this respect with a 14% drop. The Other category, which includes converters as well as non-woven specialists, was next, with sales off almost 10%. Home Textiles had the smallest reversal, but enough other problems to leave it in trouble.

Although this Profile doesn't include fiber producers, their position on the soft goods chain made them vulnerable to the largest drop in sales last year – demonstrating the pipeline multiplier effect upon suppliers furthest from the consumer.

The way sales decreases impacted operating earnings at different companies was the major determinant of their profitability in 1982. Overall, the public textile industry suffered a 37% drop in operating earnings – $376 million – after deducting cost of goods sold and selling, general, and administrative expenses. The Profile shows an 8.4% decline in cost of goods sold, which is close to the 9.3% drop in sales. KSA's own data indicate that variable costs in textile manufacturing actually went down in 1982 (see chart below).

Better control of working capital . . .



Fixed Costs the Culprit

After allowing for lower selling prices in last year's weak market, it is apparent that an increase in fixed costs was the real culprit, and the bulk of this came from the 1% increase in SG&A, which stood at a record high 10.3% of sales in 1982. (It was 8.8% in 1978 for the same 48 companies.)

All the other items affecting this year's bottom line – interest, miscellaneous expenses, and income tax dollars – were smaller than 1981. Since it tends to start out with inadequate gross profits, the textile industry has always had difficulty bringing them down to net without heavy erosion, and the problem was exacerbated in 1982.

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WHAT THE RATIOS MEAN

Net After-Tax Income on Sales – Net income divided by net sales and reported as a percentage. This figure is frequentiy labeled Return on Sales although KSA declines use of this title since extraordinary items are included in net income. Net sales is gross sales less discounts and allowances for returns and bad debts.

Return on Total Equity – Net income divided by total equity, reported as a percentage. The figure is a good measure of performance on behalf of the owners of the firm.

Total Debt to Assets – The sum of current liabilities, deferred liabilities, and long-term debt; divided by the book alue of total assets. The quotient indicates the proportion of assets supported by creditor-supplied funds. Values usually range between zero and one. (Values greater than one indicate that a negative shareholders' equity exists.) Values approaching one indicate the possibility of high financial risk exposure. Whether that risk is short-term (i.e., likely deficiency of liquid assets to cover near-term debt maturities) or long-term, with its attendant contractual interest requirements, can be ascertained by dividing Return on Total Assets by Return on Invested Capital. This yields the proportion of long-term sources of funds in the financial structure. Very low figures may indicate management's unwillingness to take risks.

Return on Total Assets – Net income divided by the book va'ue of total assets, converted to a percentage. This figure is often used as an indicator of the return on the total investment in the firm, regardless of financing; although most analysts correctly suggest that to make this measure more precise, one must add tax-adjusted interest payments to net income before dividing.

Sales to Total Assets – Net sales divided by total assets. The result is frequently called total asset turnover or simple turnover. Again, we are reluctant to use these terms due to the inclusion of intangible items in the total asset base. A high ratio may indicate inadequate planning for growth and/or operating at or above full capacity. A low ratio suggests overinvestment or inefficient use of assets.

Gross Profit – Net sales less cost of goods sold, divided by net sales and multiplied by 100 to make a percentage. The result is a good proxy for manufacturing profit.

Operating Earnings – Net sales less cost of goods sold as well as selling, general and administrative expense; divided by net sales and reported as a percentage. It is a good measue of a company's profitability on its primary, continuing operations.

Inventory Turns – Cost of goods sold divided by the average of the ending inventory for the year and prior year total inventory. Excessively high figures can be symptomatic of deteriorating customer service while unusually low turns can suggest unduly high safety stocks and the high cost of supporting them.

Return on Invested Capital – Net income divided by the sum of total equity and long-term debt. Many consider this figure to be the best single measure of performance for it represents the return to committed capital and is resistant to attempts to windowdress public financial statements.

CLASSIFICATIONS

The industry sub-classifications used for the last decade in these Profiles no longer fit the realities of textiles. The constantl changing mix of companies in each year's sample, plus changes in the product mixes of the companies themselves, call for more flexible interpretations.

Consequently, this year s report uses less rigorous definitions for grouping similar companies into product/market segments for comparisons. Starting with the general parameters developed for previous Profiles, we have combined some classifications in order to present fewer but broader segments. Marketing and end-use considerations now carry more weight, mirroring what has been happening in textiles generally. Those arbitrary judgements that are always necessary have been made with greater flexibility.

The new segment classifications are as follows:

Y – Yarn manufacturers (spun and texturized)

F – Fabric manufacturers (knitted and woven)

H – Home textiles (finished consumer products such as carpets, rugs, sheets, towels, etc.)

D – Diversified textile companies

O – Other (converters and printers; non-wovens; miscellaneous textiles)

M – Multi-industry; conglomerates

Companies have been classified in the Y, F, or H segments if textiles account for approximately three-quarters of their sales volume, their primary product/market classification represents half of their textile volume, and it significantly exceeds any other single textile activity.

Corporations with no single classification predominant in their product/market mix have been placed in the Diversified (D) category.

Firms whose products or services do not fit into the first four segments noted above have been classified as Other (O). Since most of their sales volume comes from textiles, even though not in the major classifications, all the financial data of these companies have been included in the Profile.

This year, two companies (Mohasco and Ruddick) have been classified as Multi-industry; Conglomerates (M) because less than half of their sales comes from textiles, and that portion of their financial data could not be isolated for analysis.

Fiber manufacturers were omitted from the Profile as their financial structures and performance are more closely related to the chemical industry than to the textile industry.

SALES AND EARNINGS

Sales Rank 82	81	Company	Sales ($000)	Net Income ($000)	82	81
1	1	Burlington 10/82-D	2,876,205	52,487	2	1
2	2	J P Stevens 10/82-D	1,814,315	22,284	5	48
3	3	WPt. Pepperell 08/82-D	1,110,573	43,067	3	3
4	4	Springs Mills 12/82-D	874,512	43,054	4	4
5	5	Dominion Tex. 06/82-D	767,306	−14,404	48	2
6	9	Collins & Aikman 03/82-D	669,122	18,827	6	12
7	7	Cone Mills 12/82-F	608,201	12,806	11	5
8	6	Un. Merch. & Mfrs. 06/82-F	561,446	95,488*	1	46
9	10	M. Lowenstein 12/82-D	536,650	15,462	8	10
10	8	Dan River 12/82-F	519,124	−8,726	45	11
11	11	Fieldcrest 12/82-H	491,955	10,417	13	13
12	12	Riegel Textile 10/82-F	398,009	8,501	14	7
13	15	Albany Int'l. 12/82-O	332,686	16,261	7	6
14	14	Mohasco 12/82-M	270,479	7,542 §	•	•
15	17	Ti-Caro 10/82-Y	261,842	13,871	10	9
16	13	Graniteville 12/82-F	256,550	−14,147	47	3
17	16	Avondale Mills 08/82-Y	253,742	537	32	21
18	17	Guilford Mills 06/82-F	247,838	14,372	9	8
19	20	Bibb Company 03/82-D	242,087	6,360	16	47
20	19	Shaw Industries 06/82-H	232,039	1,353	24	14
21	24	Unifi Inc. 06/82-Y	230,142	10,874	12	15
22	21	Dixie Yarns 12/82-Y	222,979	2,538	21	20
23	23	Salem Mills 01/82-H	206,513	975	27	43
24	29	Galaxy Mills 09/82-H	151,822	3,649	20	19
25	38	Carolina Mills 10/82-Y	134,733	4,340	17	18
26	28	Crompton 09/82-F	129,158	−11,999	46	42
27	32	Masland 12/82-H	127,165	−632	40	38
28	27	Texfi Ind. 10/82-D	124,216	−4,681	44	36
29	30	Thomaston 07/82-F	119,683	972	28	26
30	45	Belding-Heminway 12/82-O	101,258	2,338	22	22
31	37	Fab Industries 07/82-F	94,295	7,194	15	16
32	33	Chatham 12/82-F	93,142	1,783	23	28
33	41	Ruddick (Amer. & Efird) 09/82-M	90,709	6,412 §	•	•
34	42	Concord Fabrics 08/82-O	82,701	852	29	27
35	43	Columbus Mills 12/82-H	81,666	3,818	18	23
36	57	Opelika Mfg. 10/82-O	71,700	−3,474	43	45
37	56	Wm. Wright Co. 06/82-O	61,653	3,671	19	25
38	48	Liberty Fabrics 12/82-F	57,922	602	31	24
39	52	Louisville Bedding 09/82-H	50,123	1,106	25	31
40	51	China Grove 12/82-Y	44,723	1,043	26	30
41	58	Marion Mfg. 12/82-F	39,282	471	33	29
42	53	CrownAmerica 08/82-Y	28,280	−1,120	42	34
43	64	Vertipile 02/82-O	23,537	832	3	32
44	63	Crown Crafts 03/82-H	22,858	116	35	39
45	62	Westwood Inc. 09/82-O	21,988	76	36	35
46	68	Int'l. Stretch Prd. 08/82-F	14,029	171	34	40
47	66	Originit 01/82-F	13,038	−222	39	37
48	69	Dash Ind. 11/82-O	12,375	−214	38	41
49	67	Putnam-Gellman 12/82-O	12,363	−839	41	44
50	70	Gaynor-Stafford 06/82-O	8,951	−41	37	17
Sales Total			**$15,797,685**			

§ Operating earnings

• Unranked; does not appear elsewhere in *Profile*

* After extraordinary gain of $139,479,000

Segment codes:
H — Home Consumer Prod.
F — Fabric Mfg.
Y — Spun/Textured Yarn
D — Diversified
O — Other Textile Prod.
M — Multi-industry; conglomerates

TEXTILE PERFORMANCE PROFILE — FISCAL 1982

(Excludes Conglomerates)

82 Sales Rank	Company	Net A.T. Inc. on Sales %	82	81	Return on Total Equity %	82	81	Total Debt To Assets	82	81	Return on Total Assets %	82	81	Sales To Total Assets	82	81	Gross Profit %	82	81	Operating Earnings %	82	81	Inventory Turns	82	81	Return on Invested Capital %	82	81
13	Albany Int'l. 12/82-O	4.88	6	2	8.54	17	12	.41	32	35	5.02	13	9	1.02	48	48	33.92	4	3	9.22	4	2	2.62	44	44	6.53	15	9
17	Avondale Mills 08/82-Y	.21	35	32	.58	35	32	.31	41	43	.40	35	31	1.91	13	12	14.59	27	41	.67	35	40	14.46	3	3	.54	35	31
30	Belding-Heminway 12/82-O	2.30	17	21	5.73	21	25	.28	44	36	4.07	17	24	1.76	19	22	35.23	3	4	3.65	24	24	2.98	43	41	4.93	19	25
19	Bibb Company 03/82-D	2.62	14	45	9.27	15	44	.50	18	15	4.58	16	45	1.74	21	31	12.73	31	47	5.78	13	45	4.03	37	39	6.56	13	45
1	Burlington 10/82-D	1.82	23	16	4.55	24	22	.43	29	25	2.56	25	22	1.40	42	42	10.83	36	32	3.06	27	23	5.98	16	16	3.28	25	24
25	Carolina Mills 10/82-Y	3.22	11	5	10.75	12	4	.45	25	30	5.83	10	3	1.81	17	15	6.61	44	34	4.81	19	5	8.75	7	7	7.14	12	3
32	Chatham 12/82-F	1.91	22	34	3.72	29	34	.21	47	47	2.94	23	34	1.53	34	14	14.50	28	33	3.73	23	34	3.58	39	36	3.27	26	34
40	China Grove 12/82-Y	2.33	16	22	6.56	18	26	.40	33	34	3.87	18	26	1.66	26	17	10.32	38	38	5.38	15	17	3.53	40	34	5.31	18	26
6	Collins & Aikman 03/82-D	2.81	13	23	9.95	14	27	.44	27	28	5.53	11	27	1.96	11	32	18.73	16	19	5.74	14	25	5.29	24	33	7.72	11	27
35	Columbus Mills 12/82-H	4.67	8	15	14.26	4	14	.39	35	30	8.67	5	12	1.85	15	17	20.36	10	16	7.60	9	19	6.01	15	14	11.77	5	10
34	Concord Fabrics 08/82-O	1.03	28	27	4.47	26	20	.45	25	20	2.42	26	21	2.35	7	4	20.09	11	17	3.81	22	28	4.92	29	21	3.48	24	20
7	Cone Mills 12/82-F	2.10	21	6	3.81	27	21	.20	48	48	3.02	21	10	1.43	38	40	15.29	25	12	2.74	28	8	4.37	32	37	3.70	23	14
26	Crompton 09/82-F	−9.29	46	40	−25.75	44	39	.53	15	20	−12.04	46	40	1.29	43	46	7.65	41	45	−.40	41	43	6.23	13	13	−17.21	45	40
42	CrownAmerica 08/82-Y	−3.96	42	31	−9.57	40	31	.47	21	30	−5.06	41	29	1.27	44	10	1.00	47	42	−8.34	47	39	13.62	4	2	−6.28	40	30
44	Crown Crafts 03/82-H	.50	32	35	1.60	33	35	.43	29	26	.90	34	35	1.77	18	26	15.69	24	23	1.88	32	36	3.45	41	43	1.13	34	35
10	Dan River 12/82-F	−1.68	38	24	−4.43	38	28	.51	17	20	−2.14	38	28	1.27	44	39	10.34	37	30	−.09	40	22	4.25	34	29	−2.94	38	29
48	Dash Ind. 11/82-O	−1.72	40	46	−5.49	39	46	.52	16	17	−2.59	39	46	1.50	35	42	39.87	2	1	−.01	39	15	1.49	47	47	−3.36	39	46
22	Dixie Yarns 12/82-Y	1.13	27	26	5.14	22	24	.42	31	38	2.95	22	19	2.59	4	3	6.01	46	46	2.24	31	33	9.70	6	5	3.91	22	23
5	Dominion Tex. 06/82-D	−1.87	§	8	−5.59	§	7	.58	12	13	−2.34	§	15	1.25	46	45	§	§	§	§	§	§	§	§	§	−3.55	§	12
31	Fab Industries 07/82-F	7.62	1	4	13.79	5	10	.33	39	40	9.21	4	4	1.20	47	35	18.88	15	13	8.93	5	6	4.40	31	32	13.36	3	2
11	Fieldcrest 12/82-H	2.11	20	28	6.25	19	29	.47	21	19	3.29	19	32	1.55	32	37	21.11	8	9	5.17	16	14	5.63	21	24	4.27	20	32
24	Galaxy Mills 09/82-H	2.40	15	12	12.29	8	3	.62	7	12	4.67	14	8	1.94	12	10	25.52	6	5	8.23	7	4	5.20	26	25	6.56	13	7
50	Gaynor-Stafford 06/82-O	−.45	36	•	−2.43	37	•	.73	3	4	−.64	36	•	1.41	40	37	26.64	5	11	−4.37	46	46	2.44	45	45	−2.43	37	•
16	Graniteville 12/82-F	−5.51	44	36	−16.23	42	37	.46	24	24	−8.68	44	36	1.57	31	28	7.31	43	44	−1.92	45	44	7.25	11	8	−10.42	44	36
18	Guilford Mills 06/82-F	5.79	3	1	15.22	2	2	.39	35	38	9.26	3	1	1.59	29	21	21.08	9	6	10.64	2	1	6.09	14	12	13.14	4	1
46	Int'l. Stretch Prd. 08/82-F	1.21	25	43	12.67	7	45	.77	2	3	2.90	24	44	2.38	6	6	20.06	12	18	4.93	18	34	4.30	33	30	5.57	17	43
2	J P Stevens 10/82-D	1.22	24	42	4.57	23	40	.54	14	13	2.08	28	41	1.69	24	26	12.41	34	39	3.94	21	32	5.54	22	18	2.83	29	41

38	**Liberty Fabrics 12/82-F**	1.03	28	13	3.42	30	13	.44	27	16	1.89	29	17	1.82	16	36	18.10	18	8	2.49	30	11	4.08	35	38	2.31	30	18
39	**Louisville Bedding 09/82-H**	2.20	18	25	13.66	6	9	.62	7	9	5.17	12	20	2.34	8	5	21.33	7	10	5.98	12	21	5.77	20	19	8.98	8	15
9	**M. Lowenstein 12/82-D**	2.88	12	20	9.12	16	19	.49	20	18	4.60	15	22	1.59	29	25	17.44	19	25	5.04	17	20	4.08	35	35	6.35	16	22
41	**Marion Mfg. 12/82-F**	1.19	26	17	3.74	28	17	.39	35	45	2.26	27	11	1.89	14	9	6.55	45	37	.57	36	26	11.59	5	4	2.87	27	11
27	**Masland 12/82-H**	−.49	37	38	−2.15	36	38	.50	18	20	−1.07	37	37	2.15	9	12	12.47	32	28	.06	38	30	5.87	18	31	−1.42	36	37
36	**Opelika Mfg. 10/82-O**	−4.84	43	44	−18.02	43	43	.61	9	9	−7.00	43	43	1.44	37	47	8.99	39	40	.24	37	42	3.20	42	42	−8.19	42	44
47	**Originit 01/82-F**	−1.70	39	28	−11.90	41	15	.59	10	11	−4.86	40	25	2.85	2	2	15.76	23	7	−1.05	43	31	15.06	2	6	−7.14	41	21
49	**Putnam-Gellman 12/82-O**	−6.78	45	47	−34.82	45	47	.67	4	6	−11.32	45	47	1.66	26	24	15.28	26	26	3.47	25	47	7.65	9	17	−26.83	46	47
12	**Riegel Textile 10/82-F**	2.13	19	7	5.79	20	6	.47	21	29	3.06	20	7	1.43	38	30	11.90	35	31	3.32	26	16	6.84	12	11	4.21	21	8
23	**Salem Mills 01/82-H**	.47	33	41	4.48	25	42	.65	5	6	1.54	30	42	3.27	1	1	19.45	14	22	4.28	20	38	5.26	25	28	2.84	28	42
20	**Shaw Industries 06/82-H**	.58	31	18	2.84	31	5	.63	6	6	1.02	32	18	1.75	20	28	13.03	30	27	2.65	29	12	4.81	30	27	1.36	32	19
4	**Springs Mills 12/82-D**	4.92	5	10	10.87	11	18	.29	43	40	7.67	7	13	1.55	32	34	16.40	22	20	7.18	10	10	5.93	17	15	9.64	7	13
28	**Texfi Ind. 10/82-D**	−3.76	41	37	−41.66	46	36	.84	1	2	−6.46	42	38	1.71	22	20	8.22	40	35	−1.23	44	27	8.33	8	9	−8.92	43	37
29	**Thomaston 07/82-F**	.81	30	30	2.05	32	33	.33	39	40	1.36	31	33	1.67	25	23	7.34	42	43	.87	34	37	5.32	23	20	1.48	31	33
15	**Ti-Caro 10/82-Y**	5.29	4	3	11.53	9	8	.31	41	45	7.93	6	2	1.49	36	33	18.49	17	14	10.35	3	3	5.86	19	21	9.68	6	5
21	**Unifi Inc. 06/82-Y**	4.72	7	14	27.79	1	1	.58	12	5	11.52	1	6	2.43	5	8	12.42	33	36	8.68	6	13	30.92	1	1	17.06	1	4
8	**Un. Merch. & Mfrs. 06/82-F**	17.00	+	39	60.21	+	41	.59	10	1	24.09	+	39	1.41	40	44	16.56	21	15	−.47	42	41	3.85	38	40	36.12	+	39
43	**Vertipile 02/82-O**	3.53	10	9	10.31	13	11	.28	44	37	7.34	8	5	2.07	10	16	16.64	20	24	7.64	8	7	7.48	10	9	8.82	9	6
3	**WPt. Pepperell 08/82-D**	3.87	9	18	11.06	10	16	.40	33	30	6.61	9	14	1.70	23	19	19.47	13	21	6.97	11	18	5.04	28	23	8.45	10	17
45	**Westwood Inc. 09/82-O**	.34	34	32	1.29	34	30	.28	44	26	.92	33	30	2.67	3	7	14.15	29	29	1.87	33	29	5.08	27	26	1.28	33	28
37	**Wm. Wright Co. 06/82-O**	5.95	2	11	14.70	3	23	.34	38	44	9.57	2	16	1.60	28	41	43.21	1	2	12.48	1	9	2.11	46	46	13.82	2	16

+ Extraordinary gains exceed 1% of net sales; unranked.

§ SG&A not broken out. Cost of Goods Sold, Gross Profit, and Inventory Turns may be subsequently distorted or unavailable; unranked.

** Unavailable*

TOP PERFORMERS BY THE DOZEN FISCAL 1982

Textile companies in the Profile who turned in the best 12 performances in three key ratios appear on these pages. Previous rankings have been recalculated in some cases to account for the new company mix in this year's report.

Net Income on Sales

	Company	Sales	Net A.T. Inc. on Sales	1981 Rank
1	Fab Industries (F)	94,295	7.62	4
2	Wm. Wright Co. (O)	61,653	5.95	11
3	Guilford Mills (F)	247,838	5.79	1
4	Ti - Caro (Y)	261,842	5.30	3
5	Springs Mills (D)	874,512	4.92	10
6	Albany Int'l. (O)	332,686	4.89	2
7	Unifi Inc. (Y)	230,142	4.72	14
8	Columbus Mills (H)	81,666	4.68	15
9	WPt. Pepperell (D)	1,110,573	3.88	18
10	Vertipile (O)	23,537	3.53	9
11	Carolina Mills (Y)	134,733	3.22	5
12	M. Lowenstein (D)	536,650	2.88	20

How Different Segments Fared

- Fabric Manufacturing

The Fabric Manufacturing group performed below total industry composites in almost all respects. Although eight of these 14 companies showed pre-tax profits, it was not enough to offset substantial losses by the other six. The group as a whole went into the red by $32 million, which marked a reversal of $132 million from 1981 profits (before extraordinary items).

Fab and *Guilford* again led both knitters and weavers, and the former ranked first in the Profile in net income on sales with 7.6%.

- Home Textile Products

Hampered by a sick housing market, high interest rates, and slow consumer spending throughout most of 1982, the Home Textiles sector did well to hold its sales decline to only 3%. However, profits for these companies slid more than 20%. A rise of 1% in SG&A expenses, to 14.5% of sales, added to the profit decline.

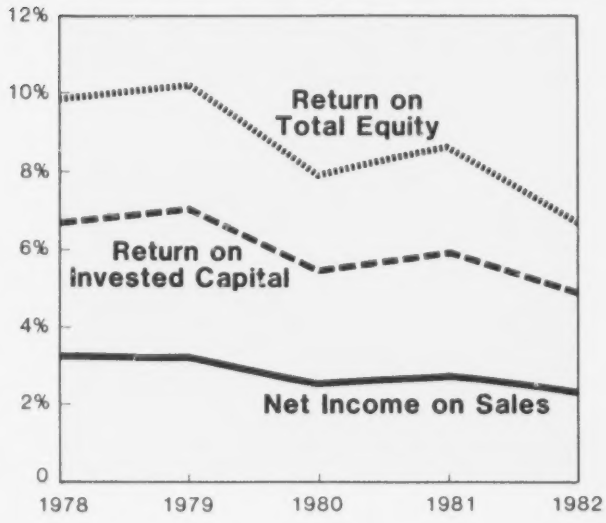
Columbus Mills and *Louisville Bedding* were the leading performers in this group. Along with *Salem Mills*, they were the only firms able to improve or hold their cost of goods sold percentages versus 1981.

- Yarn

The seven firms engaged primarily in spinning and texturizing yarn showed a modest decline of 3.5% in sales last year. Combined with a 3.7% reduction in cost of goods sold, composite gross profit percentages actually went up. Instead of this producing a similarly modest drop in profits, however, fixed costs again spoiled the picture. SG&A expenses for the yarn group rose 27% over 1981, and were almost solely responsible for a 22% reduction in profits.

Unifi was the only yarn firm that recorded a profit increase this year. On a 17% sales rise, it reduced cost of goods sold, SG&A, and interest expenses to end with a handsome 59% gain in after-tax income. The company placed first in return on equity and invested capital, and repeated its top performance in inventory turns.

Textile Industry Composite Performance



- Diversified

While sales for the nine companies in this group declined in step with the total industry, they showed the smallest year-to-year reduction in pre-tax profit of any of the groups. This was due to holding the line on cost of goods sold relative to sales (the large diversified firms tend to spend more on new technology), a slight reduction in SG&A, and an $80 million swing in miscellaneous items. Inventory levels for these companies were down almost 13% from 1981. Only two of the

Return on Total Equity

	Company	Sales ($000)	Return on Total Equity %	1981 Rank
1	Unifi Inc. (Y)	230,142	27.79	1
2	Wm. Wright Co. (O)	61,653	14.70	23
3	Columbus Mills (H)	81,666	14.26	14
4	Fab Industries (F)	94,295	13.79	10
5	Louisville Bedding (H)	50,123	13.66	9
6	Int. Stretch Prod. (F)	14,029	12.67	45
7	Galaxy Mills (H)	151,822	12.29	3
8	Ti - Caro (Y)	261,842	11.53	8
9	WPt. Pepperell (D)	1,110,573	11.06	16
10	Springs Mills (D)	874,512	10.87	18
11	Carolina Mills (Y)	134,733	10.75	4
12	Vertipile (O)	23,537	10.31	11

Return on Invested Capital

	Company	Sales ($000)	Ret. on Inv. Cap. %	1981 Rank
1	Unifi Inc. (Y)	230,142	17.06	4
2	Wm. Wright Co. (O)	61,653	13.82	16
3	Fab Industries (F)	94,295	13.36	2
4	Guilford Mills (F)	247,838	13.14	1
5	Columbus Mills (H)	81,666	11.77	10
6	Ti - Caro (Y)	261,842	9.68	5
7	Springs Mills (D)	874,512	9.64	7
8	Louisville Bedding (H)	50,123	8.98	15
9	Vertipile (O)	23,537	8.82	6
10	WPt. Pepperell	1,110,573	8.45	17
11	Collins & Aikman (D)	669,122	7.72	27
12	Carolina Mills (Y)	134,733	7.14	3

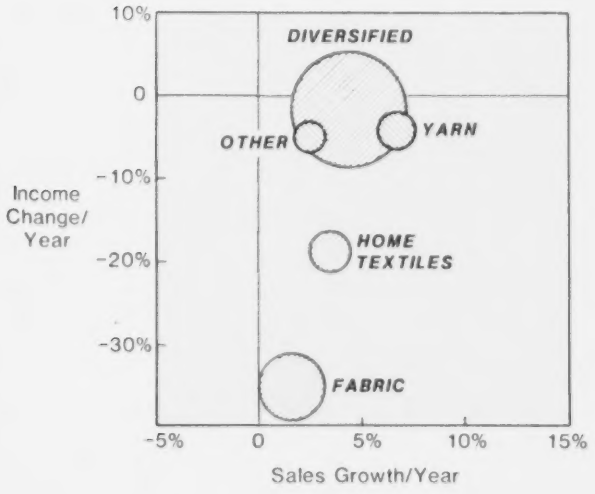
nine firms ended in the red, and *Springs Mills* made the top five in profit performance.

Over the last five years, the Diversified companies have made the best combined progress in terms of sales growth and profit improvement, but that isn't saying much. The chart below compares the five textile sectors in the Profile in both respects, and also indicates the size of each sector, based on 1982 volume. Profits for the Diversified group (before extraordinary items) declined the least over the period.

- Other

This year our Profile includes all the results of companies whose primary focus is textiles, even though their product/market specializations do not fit the standard categories. The 11 companies here are engaged in converting, dyeing and finishing, non-woven fabric manufacturing, and miscellaneous activities.

The overall drop in sales for this group approximated 10%, which was too much to be offset by lower cost of goods sold and SG&A expenses. Composite profits for these firms dropped to 2.7% of sales, a full point below 1981. Nevertheless, several of them ranked among the top five performers in certain ratios; the *Wm. E. Wright Co.* took second place in profit on sales, and was third in return on equity.



Five-Year Trend: Down

While much of fiscal 1982's poor results can be blamed on the recession, a look at the textile industry's financial performance trends over the last five years offers little relief. The return ratios for the total profile of 48 companies shows a distinct downward drift – one that is even steeper for most industry segments. Home Textiles, for example, has gone steadily down from a 17.5% return on equity in 1978 to 6.2% in 1982. Fabric Manufacturers enjoyed an uptick in 1979, but their return on equity has since declined 6.4 percentage points. Even the Yarn group declined from 14.9% to 8.7%. Not a healthy picture.

Dealing with so many different companies, products, and markets, it is impossible to isolate one or two factors that have had an equal impact on the entire sample for the five-year period. One can always find stand-out performers bucking the trend in each category. But a study of this year's figures leaves the impression that the textile industry generally has been unable to resist the harmful effects of outside factors like recessions and imports, and its efforts to manage internal elements more effectively – inventories, working capital, fixed costs, productivity – have had only spotty success.

continued next page

THE TWELVE TOP PERFORMERS OVER THE PAST FIVE YEARS

Five-year performances have been calculated in order to gain a long-term perspective. Here are the top performers in terms of their 1978-1982 figures. (Only those firms with five years of data were considered for this ranking.)

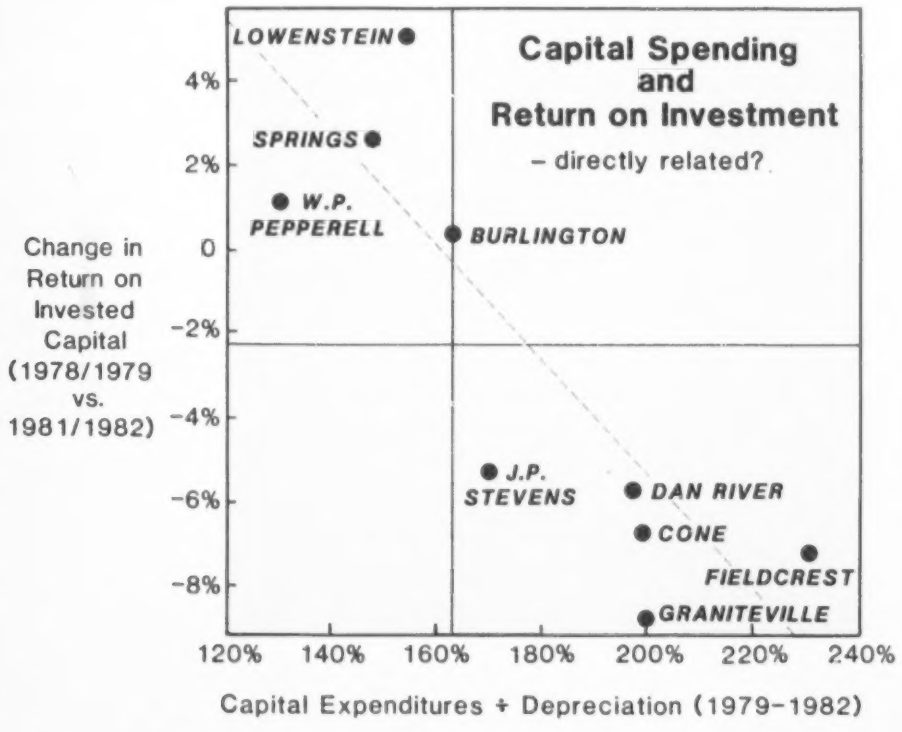
Net Income on Sales

	Company	5-Year Sales ($000)	Net A.T. Income on Sales
1	Guilford Mills (F)	1,100,226	7.66
2	Fab Industries (F)	527,557	7.13
3	Albany Int'l. (O)	1,697,058	6.62
4	Ti - Caro (Y)	1,215,653	6.38
5	Cone Mills (F)	3,304,911	5.37
6	Vertipile (O)	93,229	5.35
7	Carolina Mills (Y)	505,437	4.67
8	Wm. Wright Co. (O)	235,895	4.44
9	Columbus Mills (H)	378,872	4.33
10	Riegel Textile (F)	1,955,029	3.91
11	Springs Mills (D)	4,098,698	3.65
12	Fieldcrest (H)	2,526,656	3.43

Capital Spending: No Panacea

Spending on new plant and equipment to improve productivity and quality, lower costs, and meet Federal pollution and safety standards is a case in point. The profiled companies continued to invest significantly more than their depreciation on capital equipment. For 1982, these expenditures were 166% of depreciation for the entire Profile. Depreciation amounted to 3.4% of cost of goods sold in 1981, and rose to 3.9% last year, making textiles a more capital intensive industry.

Has it paid off? For some companies, yes; for more companies, no. In the chart on this page, a sample of nine large textile firms that have invested heavily in



Return on Total Equity

5-Year ROE Rank	Company	5-Year ROE	1982 ROE	1982 ROE Rank
1	Guilford Mills (F)	25.22	15.22	2
2	Unifi Inc. (Y)	22.89	27.79	1
3	Fab Industries (F)	18.72	13.79	5
4	Vertipile (O)	16.36	10.31	13
5	Carolina Mills (Y)	16.03	10.75	12
6	Galaxy Mills (H)	15.31	12.29	8
7	Ti - Caro (Y)	15.23	11.53	9
8	Columbus Mills (H)	14.73	14.26	4
9	Louisville Bedding (H)	13.67	13.66	6
10	Albany Int'l. (O)	12.49	8.54	17
11	Shaw Ind. (H)	11.92	2.84	31
12	Riegel Textile (F)	11.73	5.79	20

Return on Invested Capital

	Company	5-Year Sales ($000)	Ret. on Inv. Capital
1	Guilford Mills (F)	1,100,226	20.08
2	Fab Industries (F)	527,557	17.99
3	Ti - Caro (Y)	1,215,653	12.80
3	Vertipile (O)	93,229	12.80
5	Carolina Mills (Y)	505,437	12.57
6	Unifi Inc. (Y)	782,456	12.21
7	Columbus Mills (H)	378,872	11.78
8	Cone Mills (F)	3,304,911	10.84
9	Albany Int'l. (O)	1,697,058	9.95
10	Wm. Wright Co. (O)	235,895	8.71
11	Riegel Textile (F)	1,955,029	8.64
12	Collins & Aikman (D)	2,988,859	8.51

capital equipment shows scattered results, with most of them showing poor performance. The companies are plotted on the chart according to the change in their returns on invested capital over the last five years (vertical axis) and the rate of their capital spending.

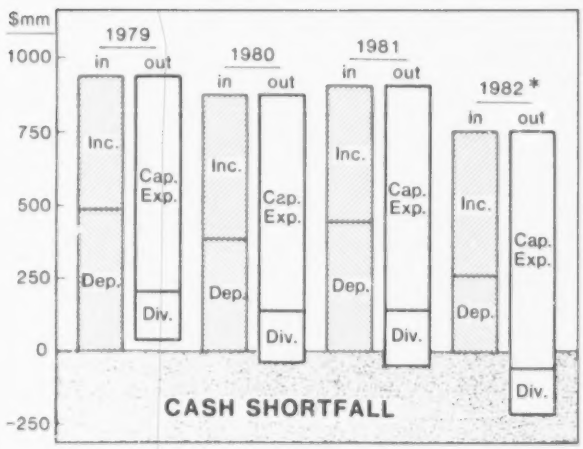
Lowenstein spent less than the composite 166% of depreciation, for example, but performed better than most companies in terms of return on invested capital. *Fieldcrest*'s investments exceeded depreciation by the widest margin, but its performance showed a drop of over 7% in return on investment between 1978 and 1982.

The broken diagonal line represents the relationship between capital spending and return. As it extends from upper left to lower right, it shows that companies with higher capital spending relative to depreciation tended to experience lower than average changes in return on invested capital for the time period. As more years of experience are added to the calculation, of course, company positions will change. The kind of investments made, their timing, market conditions, and other factors all contribute to the final verdict, and it takes time to fully evaluate the results of a spending program.

Cash Shortfall

Whether it produces expected returns or not, capital spending by textile companies has taken its toll on the balance sheet. In another analysis, depicted in the chart at right, the effect of increased capital spending and decreased income upon the cash positions of profiled companies is shown.

Cash inflow from profits and depreciation exceeded outflow for new equipment and dividends in 1979. Since then, however, the cash shortfall for the industry has soared to $215 million. A continuation of this trend will further strain the industry's balance sheet.



* Adjusted for U.M.&M.'s extraordinary gain.

Improved profits will relieve all these strains, of course, but they must become consistent and dependable. The industry faces internally and externally imposed problems, with increasing import competition the most significant of the latter. However, textiles cannot afford to wait for external developments to reverse current trends. Looking internally at the major elements influencing profit, and working to improve the opportunities that are there, will probably yield surer long-term results.

This year's Profile provides ample evidence of the need to control and reduce fixed expenses throughout the company. The Profile results this year show the deleterious effects of high SG&A expenses upon operating earnings and bottom-line profits. High interest rates were the villain in recent years, and little could be done about them. Now that they have subsided, management must look elsewhere for improvement opportunities.

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PROFIT AND LOSS DATA - GUILFORD MILLS

FISCAL PERIOD ENDING	JUN 1982		JUN 1981		JUN 1980		JUL 1979		JUN 1978	
	$	PCT	$	PCT	$	PCT	$	PCT	$	PCT
NET SALES	247878	100.00	253377	100.00	242635	100.00	196096	100.00	160280	100.00
- COST OF GOODS SOLD	195579	78.91	189908	74.95	176598	72.78	145717	74.31	118077	73.67
GROSS PROFIT	52299	21.09	63469	25.05	66037	27.22	50379	25.69	42203	26.33
- SELL. GEN. & ADMIN	25870	10.44	20379	8.04	19342	7.97	16125	8.22	15009	9.36
OPERATING EARNINGS	26429	10.65	43090	17.01	46695	19.24	34254	17.47	27194	16.97
- INTEREST EXPENSE	1301	0.52	2658	1.05	3410	1.41	3869	1.97	3329	2.08
MISC. INC. OR EXP.	994	0.40	150	0.06	324	0.13	379	0.19	-463	-0.29
INCOME BEFORE TAX	26072	10.52	40582	16.02	43609	17.97	30764	15.69	23402	14.60
- INCOME TAX	11700	4.72	19900	7.85	21200	8.74	15200	7.75	12100	7.55
INCOME AFTER TAX	14372	5.80	20682	8.16	22409	9.24	15564	7.94	11302	7.05
EXTRAORDINARY ITEM										
NET INCOME	14372	5.80	20682	8.16	22409	9.24	15564	7.94	102	7.05
EARNINGS PER SHARE										

Shown above is part of an actual Profit and Loss page from the complete print-out.

THE COMPLETE PROFILE

This issue of *Perspectives for Textile Management* contains excerpts from the complete industry Profile, a print-out of approximately 400 pages produced by a computer program developed by KSA.

The full print-out covering five fiscal years ending in 1978 through 1982 is available for in-depth comparisons and study. It includes a compilation of five-year average performances in five pertinent ratios for all companies and industry segments.

For each of the companies, as well as the industry segment composites and the total industry aggregate, the report contains:

1. Balance sheets in both dollars and percentages.
2. Income statements in both dollars and percentages.
3. Statements of changes in working capital.
4. A comprehensive list of ratios, including:
   - Current Ratio
   - Acid Ratio
   - Receivables Turns per Year
   - Inventory Turns per Year
   - Sales/Inventory
   - Return on Sales
   - Return on Invested Capital
   - Return on Total Equity
   - Return on Common Stock
   - Return on Total Assets
   - Operating Return
   - Cash Flow/Sales
   - Sales/Total Assets
   - Sales/Net Worth
   - Sales/Working Capital
   - Fixed Assets/Net Worth
   - Long-Term Debt/Invested Capital
   - Long-Term Debt/Net Worth
   - Long-Term Debt/Common Equity
   - Total Debt/Total Assets
   - Interest Coverage
   - Total Coverage

In addition, composite data for the industry segment groupings are presented in the same manner as the individual company compilations, as sums of all company performances in each group.

Industry totals (with and without the multi-industry companies), and data comparing the industry segments with the total industry, as well as a year-to-year percent change analysis of nine pertinent variables for each company, industry segments and composite are also included.

A full print-out is available from KSA at a cost of $300.

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ERRATA

Guilford Mills is ranked correctly in the table on pages 6-7 as having the second highest Return On Equity (15.22%) in 1982. Unfortunately, that performance is not noted in the Top Performers ranking for the same ratio that appears on Pg. 9.